

## **Assembly Bill No. 1457**

### **CHAPTER 772**

An act to amend Section 62.1 of the Revenue and Taxation Code, relating to taxation.

[Approved by Governor October 11, 2001. Filed  
with Secretary of State October 12, 2001.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

AB 1457, Keeley. Property taxation: mobilehomes.

Existing property tax law requires the reassessment at fair market value of real property upon a change in ownership, and specifies those transfers of real property that constitute a change in ownership. Existing law excludes from classification as a change in ownership, subject to certain conditions, any transfer made, on or after January 1, 1985, of a mobilehome park to a nonprofit corporation, stock cooperative corporation, limited equity stock cooperative, or other entity formed by the tenants of the park for the purpose of purchasing the park. Existing law classifies as a change in ownership any subsequent transfer of any portion of that same mobilehome park, on and after January 1, 1989, that is not for the purpose of converting ownership of the park in a specified manner.

This bill would prohibit any escape or supplemental assessment from being levied, and would cancel any outstanding taxes that were levied between January 1, 2000, and January 1, 2002, for a pro rata change in ownership in a mobilehome park occurring between January 1, 1989, and January 1, 2002, if the assessor failed to timely discover a subsequent pro rata change in ownership after the initial exclusion, but would, commencing with the January 1, 2002, lien date, require the assessor to correct the base year value of the subject portion of the park to properly reflect the changes in ownership. The bill would also require certain mobilehome park owners to report to the county assessor each year certain information regarding ownership interests in that park. By requiring local tax officials to perform additional duties with respect to these reports, this bill would impose a state-mandated local program.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall

not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

*The people of the State of California do enact as follows:*

SECTION 1. In 1988, the Legislature changed, for purposes of property taxation, the method for determining changes in ownership of resident-owned mobilehome parks, but failed to specify a notice process for those changes in ownership. The Legislature finds and declares, as a result, that there exists a situation in which the failure to timely assess changes in ownership in resident-owned mobilehome parks has or will result in the issuance of escape and supplemental assessments in an unfair and inequitable manner. Residents of those parks have been or will be faced with unforeseen tax bills in significant amounts that have imposed or will impose an unfair and unreasonable burden on the residents of the parks, many of whom are persons of limited means or fixed incomes. The Legislature further finds and declares that it is in the public interest to avoid the unfair and unreasonable burden on the park residents that results from escape and supplement assessments in this situation. It is the intent of the Legislature, in adding paragraph (4) to subdivision (b) of Section 62.1 of the Revenue and Taxation Code to avoid the unfair and unreasonable burden on the park residents of escape and supplemental assessments, and to permit the changes in ownership to be applied prospectively only, commencing with the lien date in 2002. It is the intent of the Legislature, in adding paragraphs (5), (6), and (7) to subdivision (b) of Section 62.1 of the Revenue and Taxation Code, to ensure adequate notice of ownership changes and prevent future unanticipated assessments.

SEC. 2. Section 62.1 of the Revenue and Taxation Code is amended to read:

62.1. (a) Change in ownership shall not include the following:

(1) Any transfer, on or after January 1, 1985, of a mobilehome park to a nonprofit corporation, stock cooperative corporation, limited equity



stock cooperative, or other entity formed by the tenants of a mobilehome park, for the purpose of purchasing the mobilehome park, provided that, with respect to any transfer of a mobilehome park on or after January 1, 1989, subject to this paragraph, the individual tenants who were renting at least 51 percent of the spaces in the mobilehome park prior to the transfer participate in the transaction through the ownership of an aggregate of at least 51 percent of the voting stock of, or other ownership or membership interests in, the entity which acquires the park. If, on or after January 1, 1998, a park is acquired by an entity that did not attain an initial tenant participation level of at least 51 percent on the date of the transfer, the entity shall have up to one year after the date of the transfer to attain a tenant participation level of at least 51 percent. If an individual tenant notifies the county assessor of the intention to comply with the conditions set forth in the preceding sentence, the mobilehome park may not be reappraised by the assessor during that period. However, if a tenant participation level of at least 51 percent is not attained within the one-year period, the county assessor shall thereafter levy escape assessments for the mobilehome park transfer.

(2) Any transfer or transfers on or after January 1, 1985, of rental spaces in a mobilehome park to the individual tenants of the rental spaces, provided that (1) at least 51 percent of the rental spaces are purchased by individual tenants renting their spaces prior to purchase, and (2) the individual tenants of these spaces form, within one year after the first purchase of a rental space by an individual tenant, a resident organization as described in subdivision (l) of Section 50781 of the Health and Safety Code, to operate and maintain the park. If, on or after January 1, 1985, an individual tenant or tenants notify the county assessor of the intention to comply with the conditions set forth in the preceding sentence, any mobilehome park rental space that is purchased by an individual tenant in that mobilehome park during that period shall not be reappraised by the assessor. However, if all of the conditions set forth in the first sentence of this paragraph are not satisfied, the county assessor shall thereafter levy escape assessments for the spaces so transferred. This paragraph shall apply only to those rental mobilehome parks that have been in operation for five years or more.

(b) (1) If the transfer of a mobilehome park has been excluded from a change in ownership pursuant to paragraph (1) of subdivision (a) and the park has not been converted to condominium, stock cooperative ownership, or limited equity cooperative ownership, any transfer on or after January 1, 1989, of shares of the voting stock of, or other ownership or membership interests in, the entity that acquired the park in accordance with paragraph (1) of subdivision (a) shall be a change in ownership of a pro rata portion of the real property of the park unless the



transfer is for the purpose of converting the park to condominium, stock cooperative ownership, or limited equity cooperative ownership or is excluded from change in ownership by Section 62, 63, or 63.1.

(2) For the purposes of this subdivision, “pro rata portion of the real property” means the total real property of the mobilehome park multiplied by a fraction consisting of the number of shares of voting stock, or other ownership or membership interests, transferred divided by the total number of outstanding issued or unissued shares of voting stock of, or other ownership or membership interests in, the entity that acquired the park in accordance with paragraph (1) of subdivision (a).

(3) Any pro rata portion or portions of real property that changed ownership pursuant to this subdivision may be separately assessed as provided in Section 2188.10.

(4) (A) Notwithstanding any other provision of law, after an exclusion under subdivision (a), the assessor may not levy any escape or supplemental assessment with respect to any change in ownership of a pro rata portion of the real property of the mobilehome park that occurred between January 1, 1989, and January 1, 2002, and for which the assessor did not, prior to January 1, 2000, levy any assessments. However, commencing with the January 1, 2002, lien date, the assessor shall correct the base year value of the pro rata portion of the real property of the park to properly reflect these changes in ownership. A mobilehome park shall provide information requested by the assessor that is necessary to correct the base year value of the property for purposes of this paragraph.

(B) When an assessor corrects the base year value of the real property of the park pursuant to subparagraph (A), the assessor shall notify parks that residents may be eligible for property tax assistance programs offered by either the Controller or the Franchise Tax Board for senior citizens, or blind or disabled persons.

(C) Any outstanding taxes that were levied between January 1, 2000, and January 1, 2002, as a result of a pro rata change in ownership as described in subparagraph (A) shall be canceled. However, there shall be no refund of taxes, as so levied, that were paid prior to January 1, 2002.

(5) A mobilehome park that does not utilize recorded deeds to transfer ownership interest in the spaces or lots shall file, by February 1 of each year, a report with the county assessor’s office containing all of the following information:

(A) The full name and mailing address of each owner, stockholder, or holder of an ownership interest in the mobilehome park.

(B) The situs address, including space number, of each unit.

(C) The date that the ownership interest was acquired.



(D) If the unit is a manufactured home, the Department of Housing and Community Development decal number or serial number, or both, and whether the manufactured home is subject to the vehicle license fee or the local property tax.

(6) Within 30 days of a change in ownership, the new resident owner or other purchaser or transferee of a mobilehome within a mobilehome park that does not utilize recorded deeds to transfer ownership interest in the spaces or lots shall file a change in ownership statement described in either Section 480 or 480.2.

(7) Failure to comply with the reporting requirement described in paragraph (5) shall result in a penalty pursuant to Section 482.

(c) It is the intent of the Legislature that, in order to facilitate affordable conversions of mobilehome parks to tenant ownership, paragraph (1) of subdivision (a) apply to all bona fide transfers of rental mobilehome parks to tenant ownership, including, but not limited to, those parks converted to tenant ownership as a nonprofit corporation made on or after January 1, 1985.

SEC. 3. Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.

SEC. 4. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

